



## *The President's Daily Brief*

15 November 1972

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THE PRESIDENT'S DAILY BRIEF

15 November 1972

PRINCIPAL DEVELOPMENTS

Campaigning has opened for the Australian election on 2 December. The Labor Party, out of power for 23 years, is likely to make a strong pitch for votes by taking issue with aspects of the government's defense policies. (Page 1)

Uruguay's President Bordaberry is cast in the delicate role of middleman between the restive military and angry politicians in the case of a prominent political leader who is currently under military detention. (Page 2)

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(Page 3)

South Vietnamese troops are advancing against Communist forces north and west of Quang Tri City. (Page 3)

At Annex, we discuss the military-civilian crisis in Uruguay.

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AUSTRALIA

Campaigning officially opened this week for the election on 2 December. The Labor Party, out of power for 23 years, is making a strong bid to replace Prime Minister McMahon's Liberal-Country coalition government. The polls suggest that the vote will be close.

*We expect defense policies to be the main campaign issue. Labor has no quarrel with the present level of defense expenditures. It takes sharp issue, however, with the government's doctrine of "forward" defense that resulted in the commitment of Australian forces to Vietnam and the presence of almost 3,000 Australian troops in Singapore and Malaysia.*

*A Labor government might also accelerate the trend already under way toward a more independent international stance, but both contenders continue to look on alliance with the United States as the cornerstone of Australian foreign policy.*

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**URUGUAY**

Senator Jorge Batlle, the prominent political leader arrested more than two weeks ago, remains under military detention pending a decision on how--or whether--he will be punished for his strong denunciation of growing military involvement in public affairs. Batlle's supporters, a strong faction within President Bordaberry's own Colorado Party, have been unable thus far to have the case transferred to a civil court. The president continues in the delicate role of middleman between the restive military and the angry politicians.

Tension has temporarily eased but could quickly flare again. The spark may come later this month when the military seeks congressional approval for yet another period of suspended constitutional guarantees.

*At Annex, we discuss this military-civilian crisis as just one symptom of the decay that in recent years has beset Uruguay--once Latin America's shining example of a working democracy and a progressive welfare state.*

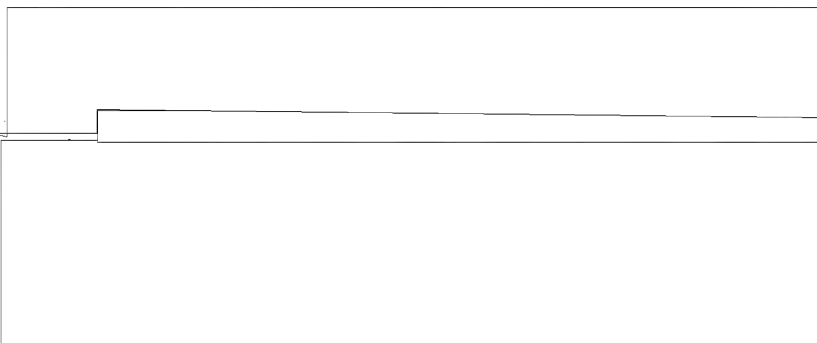


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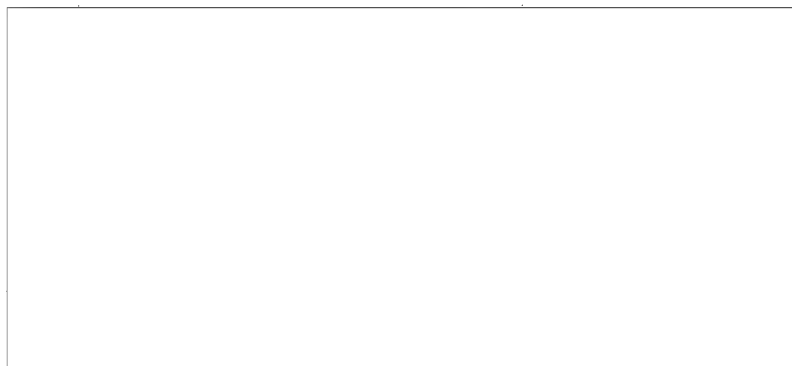
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NOTES

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South Vietnam: South Vietnamese troops are advancing against well-entrenched Communist forces north and west of Quang Tri City. Airborne troops, who recaptured Fire Support Base Anne yesterday, intend to move north toward Fire Support Base Pedro and eventually as far as Cam Lo. South Vietnamese Marines have also been clearing Communist forces out of the area south of the Cua Viet River. Intercepted messages show continuing North Vietnamese efforts to reinforce Communist troops defending in this area.

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URUGUAY: THE MILITARY IN A CRUMBLING UTOPIA

The recent emergence of the army as a power in Uruguayan public life is unprecedented in this century. It is a reflection of the steady deterioration in Uruguayan life under way since the early 1950s. Many officers feel they may be able to help reverse the decline. Thus some form of extra-constitutional military action has become a real possibility.

During the first half of this century Uruguay enjoyed the highest per capita wealth in Latin America, and distributed it more equitably than any other country in the area. An effective democratic political system under civilian control and one of the world's most comprehensive social welfare systems made it the symbol of Latin American enlightenment.

The bubble burst about 20 years ago when world demand and prices for Uruguay's beef, hide, and wool exports began a drastic plunge. The country has been sliding from riches to rags ever since, and has suffered one of the world's most devastating inflationary spirals. It can no longer afford the bloated costs of its welfare system and yet, politically, the government cannot afford to make the drastic cuts and changes required to stem the tide.

--Today, about 60 percent of government expenditures are paid in wages to government workers, who make up about 25 percent of the country's total work force.

--Agriculture is in decline, the land has not been improved for lack of investment money and, in the critical cattle industry, it now takes almost double the number of steers to produce a ton of beef that it does in the US or Argentina.

--Industry has become less competitive because of government subsidies and controls.

--Nineteen of the 22 government-controlled corporations are in the red.

The prolonged economic deterioration has had a profound effect on the lives and the attitudes of the people, particularly the young people. Denied opportunities for a meaningful livelihood and unable to see any hope in the decrepit and immobile

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political system, thousands of them have emigrated. Some of them, however, imbued with a Latin sense of revolutionary mystique, chose to try to destroy the system in the hope that something better might emerge from the ashes. These formed the nucleus of the Tupamaros, who emerged by the late 1960s as Latin America's most formidable terrorist group.

Last April, the Tupamaros deliberately raised the level of terrorism by gunning down four government officials, including two police officers and a former cabinet member. The new president, Juan Maria Bordaberry, with uncharacteristic swiftness, demanded that a "State of Internal War" be declared and that the nation's armed forces lead the battle against the terrorists. Although many of Bordaberry's supporters in the congress, as well as his opposition, expressed serious fears that the measures might curtail popular freedoms, they gave Bordaberry and the military a limited period of special powers. These included the transfer of persons suspected of security crimes to military jurisdiction and the suspension of constitutional guarantees. Powers like this had been granted under the preceding administration, but for the first time the armed forces were to become completely involved in the anti-terrorist campaign.

In less than seven months the military has managed to wreck a terrorist organization that had earned the envy and respect of guerrilla groups throughout the Western Hemisphere. This result was achieved by a push to capture as many members and suspects as possible, by rapid and forceful interrogations, and by hunting down Tupamaro weapons caches and hiding places. As the campaign progressed, some Tupamaros surrendered without duress, and the organization came crashing down. Although the Tupamaros retain some residual capability to harass the government, it will be a long time before they could again be equipped or manned to mount a major operation.

The success against the Tupamaros marks a spectacular victory for the armed forces--perhaps the first really positive step forward by any sector of Uruguayan society in two decades. The army, which has been at the heart of the anti-terrorist campaign, is flushed with success. Its leaders have reasoned that their victory over the guerrillas might possibly be translated into a campaign to correct the many ills of the society. They have but to look around them to see other military forces already started down that road--in Peru, Brazil, and Argentina. Unlike those countries, however, Uruguay has a long and strong tradition of military

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non-involvement in politics, an officer corps that has been generally opposed to overt political activity, and a highly sophisticated and politicized population that generally favors the existing democratic process.

Yet, the extensive interrogation of the Tupamaros and the resulting accumulation of intelligence information have revealed to the military leadership that corruption--or "economic crime"--is a factor in the poor performance of the economy, and a major issue on which the Tupamaros had won popularity. More significantly, the "economic criminals" appear to be some of the leading political figures in the nation. Suspects include Senator Batlle, one of the major factional leaders in Bordaberry's Colorado Party; Wilson Perreira Aldunate, the leader of the opposition Blanco bloc in the congress; and Jorge Peirano Facio, a former foreign minister. Under army pressure, President Bordaberry permitted Batlle's arrest. Batlle remains in jail, and the military, having come this far on essentially ad hoc maneuvers, must sit down and ponder the next move.

Bordaberry's government, while notable for quieting the threat of terrorism, has done little to solve the problems that are causing Uruguay to decay. No effort has been made to correct the serious abuses of the welfare system and no moves are planned to expand traditional exports or to stimulate the economy in any direction. It seems clear that the armed forces are no longer going to be satisfied to leave the Uruguayan "mess" in the hands of the politicians, but it is also clear that they do not, at this stage, have a plan of action. Continued lack of movement by Bordaberry and the civilian government to correct the economic slide may stimulate army pressure for action. If the response is unsatisfactory, the long tradition of military non-involvement could be broken.

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